

MONTANA LEGISLATIVE HISTORY

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Chapter 554 19 93

Bill H 273 S _____ Original bill & history C

H. Committee on Business & Economic

Hearing Date(s) Feb 09 Development C

Feb 15 C

_____ C

_____ C

Date Out Feb 17 C

S. Committee on Business & Industry

Hearing Date(s) Mar 11 C

Mar 16 C

_____ C

_____ C

Mar 16 C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

1/20	FIRST READING		
1/21	REREFERRED TO JUDICIARY		
2/03	HEARING		
2/05	COMMITTEE REPORT—BILL PASSED		
2/08	2ND READING PASSED AS AMENDED	96	2
2/10	3RD READING PASSED	96	2
	TRANSMITTED TO SENATE		
2/12	FIRST READING		
2/12	REFERRED TO JUDICIARY		
3/17	HEARING		
3/18	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/19	2ND READING CONCURRED	45	2
3/20	3RD READING CONCURRED	42	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/01	2ND READING AMENDMENTS CONCURRED	95	0
4/02	3RD READING AMENDMENTS CONCURRED	93	6
4/13	SIGNED BY SPEAKER		
4/13	SIGNED BY PRESIDENT		
4/14	TRANSMITTED TO GOVERNOR		
4/19	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 398		
	EFFECTIVE DATE: 10/01/93		

HB 273 INTRODUCED BY DOLEZAL, ET AL.

PROHIBIT INSURER DIRECTING CAR OWNER TO SPECIFIED PLACE FOR GLASS REPAIRS

1/19	INTRODUCED		
1/20	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT		
1/20	FIRST READING		
2/04	FISCAL NOTE REQUESTED		
2/09	HEARING		
2/11	FISCAL NOTE RECEIVED		
2/11	FISCAL NOTE PRINTED		
2/17	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/18	2ND READING PASSED AS AMENDED	100	0
2/18	REVISED FISCAL NOTE REQUESTED		
2/22	REVISED FISCAL NOTE RECEIVED		
2/23	REVISED FISCAL NOTE PRINTED		
2/23	3RD READING PASSED	100	0
	TRANSMITTED TO SENATE		
3/01	FIRST READING		
3/01	REFERRED TO BUSINESS & INDUSTRY		
3/11	HEARING		
3/17	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/18	2ND READING CONCURRED	44	3
3/19	3RD READING CONCURRED	46	1
	RETURNED TO HOUSE WITH AMENDMENTS		
4/01	2ND READING AMENDMENTS NOT CONCURRED	97	1
4/02	FREE CONFERENCE COMMITTEE APPOINTED		
4/07	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/15	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	97	1
4/16	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	97	2
	SENATE		
4/05	FREE CONFERENCE COMMITTEE APPOINTED		
4/08	FREE CONFERENCE COMMITTEE REPORT NO. 1		

HOUSE BILL NO. 273

INTRODUCED BY DOLEZAL, GAGE, CHRISTIAENS, RYAN, T. NELSON,
WYATT, SCHYE, FRANKLIN, WILSON, PAVLOVICH, TUSS, R. JOHNSON,
DRISCOLL, WALLIN, TVEIT, S. RICE, DOWELL, BARNHART, MCCULLOCH,
GALVIN, WANZENRIED, MCCAFFREE, STRIZICH, DOHERTY

IN THE HOUSE

JANUARY 20, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
	FIRST READING.
FEBRUARY 17, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 18, 1993	PRINTING REPORT.
	SECOND READING, DO PASS AS AMENDED.
FEBRUARY 19, 1993	ENGROSSING REPORT.
FEBRUARY 23, 1993	THIRD READING, PASSED. AYES, 100; NOES, 0.
FEBRUARY 24, 1993	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
MARCH 17, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 18, 1993	SECOND READING, CONCURRED IN.
MARCH 19, 1993	THIRD READING, CONCURRED IN. AYES, 46; NOES, 1.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 1, 1993	SECOND READING, AMENDMENTS NOT CONCURRED IN.
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APRIL 2, 1993

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 5, 1993

ON MOTION, FREE CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 7, 1993

FREE CONFERENCE COMMITTEE REPORTED.

IN THE SENATE

APRIL 12, 1993

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

APRIL 13, 1993

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

IN THE HOUSE

APRIL 15, 1993

SECOND READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

APRIL 16, 1993

THIRD READING, FREE CONFERENCE
COMMITTEE REPORT ADOPTED.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

House BILL NO. 273

INTRODUCED BY

A BILL FOR AN ACT ENTITLED, "AN ACT PROHIBITING MOTOR
VEHICLE INSURANCE COMPANIES FROM DIRECTING INSURED TO
SPECIFIC COMPANIES OR LOCATIONS FOR AUTOMOBILE GLASS
REPLACEMENT, REPAIR SERVICE, OR PRODUCTS; PROHIBITING THE
ESTABLISHMENT OF AN AGREEMENT WITH A COMPANY TO ARRANGE
PAYMENT THROUGH A THIRD PARTY FOR AUTOMOBILE GLASS
REPLACEMENT OR REPAIR SERVICE; PROHIBITING A COMPANY FROM
ACTING AS AGENT FOR AN INSURANCE COMPANY WHEN EITHER THE
AGENT OR INSURANCE COMPANY SETS A PRICE THAT MUST BE MET BY
A REPAIR SHOP AS A CONDITION TO DOING REPAIR WORK;
PROHIBITING THE ESTABLISHMENT OF A PRICE TO BE MET BY A
REPAIR SHOP THAT IS BELOW THE LOWEST PREVAILING MARKET
PRICE; PROHIBITING PERSONS WHO SELL, REPLACE, OR REPAIR
AUTOMOBILE GLASS FROM OFFERING CREDITS AGAINST INSURANCE
DEDUCTIBLES; PROVIDING PENALTIES FOR VIOLATIONS; AND
AMENDING SECTIONS 30-14-222, 30-14-223, AND 30-14-224, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Designation of specific repair
shops prohibited -- lists allowed. (1) (a) An insurance
company, including its agents and adjusters, that issues or
renews a policy of insurance in this state covering, in

whole or part, a motor vehicle may not require or recommend
that a person insured under the policy use a particular
company or location for providing automobile glass
replacement, repair services, or products insured in whole
or part by the policy.

(b) An insurance company, including its agents and
adjusters, may not engage in any act or practice of
intimidation, coercion, threat, incentive, or inducement for
or against an insured person to use a particular company or
location to provide automobile glass replacement, repair
services, or products.

(2) (a) An insurance company may provide an insured
with a list that includes the names of particular companies
or locations providing automobile glass replacement, repair
services, or products if the listed companies or locations
are reasonably close and convenient to the insured and if
none of the companies or locations on the list have entered
into an arrangement with any other company or location on
the list with respect to prices or other aspects of
furnishing services or products. The insurance company may
restrict the list to those companies or locations that meet
reasonable standards of quality, service, and safety.

(b) If a list is provided, the insurance company or its
agents or adjusters shall, when a claim wholly or partially
reimbursable under the insurance policy is made by the

insured, provide oral and written disclosure that a nonlisted company or location may be used at the insured's sole discretion and that the insurance company will fully and promptly pay, at no less than the lowest prevailing market price as defined in [section 2], for the cost of automobile glass replacement, repair services, or products provided, less any deductible under the terms of the policy. If the insured elects to use a nonlisted company or location, the insurance company may not impose upon the insured any requirements, including obtaining written estimates, not required if the insured elects to use a listed company or location.

(3) Notwithstanding the provisions of subsections (1) and (2), an insurance company may agree to pay the full cost of glass replacement or repair.

NEW SECTION. Section 2. Lowest prevailing market price. For purposes of [sections 1 and 3], "lowest prevailing market price" means the lowest market price in a local area for similarly situated companies or locations providing comparable automobile glass replacement, repair services, or products without taking into consideration companies or locations that have arrangements with one another with respect to prices or other aspects of furnishing glass replacement, repair services, or products. The lowest prevailing market price may not be less than cost

as provided in 30-14-209.

NEW SECTION. Section 3. Prohibited activities. (1) It is unlawful for an insurance company, individually or with others, to directly or indirectly:

(a) establish an agreement with a company to manage, handle, or arrange automobile glass replacement or repair work;

(b) establish an agreement with a company to act as an agent for the insurance company under which the insurance company or the agent sets a price that must be met by a repair shop as a condition for doing glass replacement or repair work for the insurance company;

(c) establish an agreement with any company that requires a repair shop to bill through the company as a condition of doing glass replacement or repair work; or

(d) establish a price that must be met by a repair shop as a condition for doing glass replacement or repair work that is below the lowest prevailing market price as provided in [section 2].

(2) A company may not manage, handle, or arrange automobile glass replacement or repair work for which the company retains a percentage of the claim paid by the insurance company to the repair shop or bills the insurance company for an amount in excess of the amount paid to the repair shop.

NEW SECTION. Section 4. Rebates -- prohibited --
 advertising allowed. (1) A person engaged in the sale, repair, or replacement of automobile glass may not advertise, promise to provide, or offer any coupon, credit, or rebate to pay all or part of an insurance deductible under a casualty or property insurance policy.
 (2) A person or association of persons engaged in the sale, repair, or replacement of automobile glass may advertise services as to quality, service, and safety.

Section 5. Section 30-14-222, MCA, is amended to read:
 "30-14-222. Injunctions -- damages -- production of evidence. (1) Any A person, if injured thereby by an act, or the attorney general may maintain an action to enjoin a continuance of an act in violation of 30-14-205 through 30-14-218 or [sections 1 through 4] and for the recovery of damages. If in such the action the court finds that the defendant is violating or has violated any of the provisions of 30-14-205 through 30-14-218 or [sections 1 through 4], it shall enjoin the defendant from a continuance thereof of the violation. It is not necessary to allege or prove actual damages to the plaintiff.

(2) In addition to such injunctive relief, the plaintiff is entitled to recover from the defendant three times the amount of actual damages sustained.

(3) A defendant in an action brought under this section

may be required to testify under the Montana Rules of Civil Procedure. In addition, the books and records of any--such the defendant may be brought into court and introduced into evidence by reference. No--information Information so obtained may not be used against the defendant as a basis for a misdemeanor prosecution under 30-14-205 through 30-14-218, [sections 1 through 4], or and 30-14-224."

Section 6. Section 30-14-223, MCA, is amended to read:
 "30-14-223. Department to institute suit. Upon the third violation of any of the provisions of 30-14-205 through 30-14-218 or [sections 1 through 4] by any a business, the department shall institute proper suits or quo warranto proceedings in a court of competent jurisdiction for the forfeiture of its charter, rights, franchises or privileges, and powers exercised by such the business and to permanently enjoin it from transacting business in this state. If in such the action the court finds that the business is violating or has violated any of the provisions of 30-14-205 through 30-14-218 or [sections 1 through 4], it shall enjoin the business from doing business in this state permanently or for such a time as the court orders or shall annul the charter or revoke the franchise of such the business."

Section 7. Section 30-14-224, MCA, is amended to read:
 "30-14-224. Penalties. (1) Except as otherwise provided

1 in this section, a person, whether as principal, agent,
2 officer, or director, who violates any of the provisions of
3 30-14-206 through 30-14-218 or [sections 1 through 4] is
4 guilty of a misdemeanor for each single violation and upon
5 conviction thereof shall be fined not less than \$100 or more
6 than \$1,000 or imprisoned for a term not to exceed 6 months,
7 or both.

8 (2) A violation of 30-14-205 is punishable by
9 imprisonment in the county jail for a period not less than
10 24 hours or more than 1 year or by fine not exceeding
11 \$25,000, or both.

12 (3) When there is a violation of 30-14-216, in addition
13 to the penalty specified in subsection (1), the court before
14 which a conviction is had shall, within 10 days after
15 judgment of conviction is given, forward a certified copy of
16 the judgment to the department of agriculture and that
17 department shall revoke any license issued to the person so
18 convicted. ~~in such case no.~~ A new license may not be granted
19 to the person whose license is revoked or to anyone either
20 directly or indirectly engaged with him that person in such
21 that business for a period of 1 year."

22 NEW SECTION. Section 8. Codification instruction.
23 [Sections 1 through 4] are intended to be codified as an
24 integral part of Title 30, chapter 14, part 2, and the
25 provisions of Title 30, chapter 14, part 2, apply to

1 [sections 1 through 4].

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0273, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

The bill prohibits Montana motor vehicle insurance companies from directing insureds to specific companies or locations for automobile glass replacement repair service. It also prohibits the establishment of a price to be met by a repair shop that is below the lowest prevailing market price.

ASSUMPTIONS:Department of Commerce

1. Assume that the Department will be required to investigate two cases alleging sales below cost established by section 30-14-209, MCA.
2. Assume that the Department will be requested to conduct two sales below cost hearings and surveys to establish the market price in the locality as set forth by section 30-14-209 through section 30-14-212, MCA.
3. Assume that the Department's final administrative order will be appealed to District Court in both cases; as provided in section 30-14-220, MCA.

FISCAL IMPACT:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Personal Services	0	20,052	20,052	0	20,052	20,052
Operating Costs	0	3,393	3,393	0	3,393	3,393
Total	0	23,445	23,445	0	23,445	23,445
<u>Funding:</u>						
General Fund	0	23,445	23,445	0	23,445	23,445

David Lewis 2-10-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

2-11-93
EDWARD DOLEZAL, PRIMARY SPONSOR DATE

Fiscal Note for HB0273, as introduced

HB 273

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0273, second reading

DESCRIPTION OF PROPOSED LEGISLATION: An act prohibiting motor vehicle insurance companies from directing insureds to specific companies or locations for automobile glass replacement, repair service, or products; prohibiting the establishment of an agreement with a company to arrange payment through a third party for automobile glass replacement or repair service; prohibiting a company from acting as glass broker for an insurance company when the glass broker sets a price that must be met by a repair shop as a condition to doing repair work; defining glass broker; prohibiting the establishment of a price to be met by a glass repair shop as a condition to doing glass replacement or glass repair work when the price is below the best prevailing market price; prohibiting persons who sell, replace, or repair automobile glass from offering incentives; providing penalties for violation; granting enforcement authority to the insurance commissioner.

SUMPTIONS:State Auditor's Office:

The commissioner of insurance will conduct two violation investigations per year. Both will result in cease and desist orders and the associated hearings.
Existing staff will conduct the compliance investigations.
Agency legal services will be used for legal assistance during the hearing process.
Hearing costs will be paid for by the commissioner of insurance.

CAL IMPACT:

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
Rating Costs	0	10,000	10,000	0	10,000	10,000
<u>Funding:</u>						
General Fund	0	10,000	10,000	0	10,000	10,000

David Lewis 2-20-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

2/23/93
EDWARD DOLEZAL, PRIMARY SPONSOR DATE
Fiscal Note for HB0273, second reading

HR 773. #2

REP. PAVLOVICH asked Will Kessinger what the fee is for a license to sell at a farmers' market? Mr. Kessinger said there is not a fee at this time.

REP. PAVLOVICH asked Mitzi Schwab if the Department of Health charges the people at the farmers' market who sell the produce? Ms. Schwab said only when they are dealing with processed food products. REP. PAVLOVICH asked if the local county health departments check on the farmers' markets? Ms. Schwab said the markets are examined periodically to check on the variety of products that are offered for sale. She said the issue is now coming out not only with the farmers' markets, but bazaars, flea markets, and other open markets where people sell a number of products, i.e., home processed sausages, baked pastries, and prepared foods.

REP. ELLIS asked Mitzi Schwab if a person wanted to sell frozen meat, or canned goods at a farmers' market, could they apply for and receive a license from the department? Ms. Schwab said if the products were jellies and jams, and other processed foods, the department would have to check the facilities, the process of the product, the way it is labeled, and if there weren't any problems, then they would issue a license. REP. ELLIS asked about a license to sell sausages. Ms. Schwab said that is under the jurisdiction of the Department of Livestock.

REP. BARNETT asked Mitzi Schwab to give her definition of processed honey and raw honey. Ms. Schwab said the bottling process is not something that occurs naturally. She said the honey is handled, processed, and placed into containers for sale.

REP. WAGNER asked Will Morrison if there are truckloads of produce shipped to the farmers' market in Missoula? Mr. Morrison said the farmers' market regulates the people that can sell from the continental divide to the Idaho boarder.

Closing by Sponsor:

REP. BROOKE closed.

HEARING ON HB 273

Opening Statement by Sponsor:

REP. ED DOLEZAL, House District 34, Great Falls, said HB 273 is about a practice that is currently going on in Montana that has a detrimental effect on one segment of small businesses. He said these small businesses are the Independent Auto Glass Dealers. He said a compromise has been reached between the motor vehicle insurance companies and the auto glass dealers while waiting out in the hall for the hearing this morning. He said the bill was a vehicle to encourage a compromise between the two industries. HB 273 has been changed dramatically, but the intent has remained the same. The biggest concern with the auto glass dealers was

addressed in Section 1 which would have prohibited the insurance companies from requiring a policyholder to use a particular company. REP. DOLEZAL explained the bill section by section.

Proponents' Testimony:

Charles Brooks, Executive Vice president of the Montana Retail Association, asked all of the Independent Auto Glass Dealers and the insurance companies that are supportive of this legislation to stand and show the committee their support for HB 273 (everyone stood). He distributed written testimony, proposed amendments, and a report on the auto glass dealers and the insurance companies. EXHIBIT 6

Steve Turkiewicz, Executive Vice President of the Montana Auto Dealers Association, said many of the members of the association have auto body shops throughout Montana. He said that Montana needs to maintain the flexibility to have that independent entrepreneur in the towns and communities of Montana. He said the association supports HB 273.

Scott Tally, Owner of Scott's Glass, Miles City, wanted to be recorded as a proponent for HB 273.

Steve Wilkinson, Northwest Glass, Billings, said he supports HB 273.

John Knox, Glass Specialist, said with the changes that have been made in the compromise, the passage of HB 273 will give the industry the right to compete again in Montana.

Roger McGlenn, Executive Director of the Independent Insurance Agents Association of Montana, said the association supports HB 273 with the amendments. He thanked the sponsor and those who helped and worked with them in the compromise of HB 273.

Tom Hodges, Compliance Specialist with the Insurance Commissioner's Office, said the commissioner's office is neutral on HB 273. He said the office was here on a non-commission basis and would answer any questions.

Rod Rick, Hi-Line Glass & Window, Havre, said he supports HB 273.

Ron Waterman, Farmers Insurance Companies, distributed the proposed amendments on the compromise between the insurance companies and the auto glass dealers. Mr. Waterman addressed the amendments and how they affect HB 273. EXHIBIT 7

Gene Phillips, National Association of Independent Insurers, (NAII), said the NAII is a trade association of over 550 property and casualty insurers who write approximately 25 percent of the auto policies. He said the association supports the bill with the amendments. He urged the committee's support in passage of this legislation.

Jacqueline Lenmark, American Insurance Association (AIA), said the association supports the amendments that have been reached by the compromise and drafted. She said the AIA recommends that HB 273 receive a do pass recommendation.

Greg Van Horssen, representing State Farm Insurance Companies, said State Farm is in support of HB 273. He said State Farm currently has 285,000 policies in force in Montana, and many are auto insurance policies. He said the bill as amended will allow the State Farm Companies to continue with their glass programs and cost of claims with a cost savings to the consumer. He urged the committee to pass HB 273.

Charles McAlpine, Glacier Glass, Cut Bank, presented written testimony in support of HB 273. EXHIBIT 8

Glen Hanley, Kalispell Glass and Door, Kalispell, faxed written testimony in support of HB 273. EXHIBIT 9

A petition was received in the committee from the auto glass dealers in Sidney, Montana in support of HB 273. EXHIBIT 10

Opponents' Testimony:

None

Questions From Committee Members and Responses:

REP. BACHINI asked Paul Verdon about the two sets of amendments that were distributed to the committee? Mr. Verdon said the amendments were prepared based on the information given him by Chuck Brooks. He said the only change not in the amendment is in Section 2, because the he did not have the information. Ron Waterman responded stating that Mr. Brooks' amendments preceded his amendments before the agreement. Mr. Waterman's amendments are the compromise between the auto glass dealers and the insurance companies. EXHIBIT 7

Closing by Sponsor:

REP. DOLEZAL closed.

EXECUTIVE ACTION ON HB 449

Motion: REP. STELLA JEAN HANSEN MOVED HB 449 DO PASS.

Discussion: REP. STELLA JEAN HANSEN moved to adopt amendments #1, #2, #4, and strike #3 on exhibit 4. She said bottled honey should be excluded from the bill. EXHIBIT 4

REP. BARNETT stated his support for the proposed amendments on the basis of the inspectors coming into his place of business to

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE 2-9-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ALVIN ELLIS	✓		
REP. DICK KNOX	✓		
REP. NORM MILLS	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. JACK HERRON	✓		
REP. TIM DOWELL	✓		
REP. CARLEY TUSS	✓		
REP. STELLA JEAN HANSEN	✓		
REP. BOB PAVLOVICH	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. BOB BACHINI	✓		
REP. DON LARSON	✓		
REP. BRUCE SIMON	✓		
REP. DOUG WAGNER	✓		
REP. SONNY HANSON, VICE CHAIRMAN	✓		
REP. STEVE BENEDICT, CHAIRMAN			✓

HR:1993

wp.rollcall.man

EXHIBIT 1
DATE 2-9-93
HB 273

HOUSE BILL NO. 273

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED, " AN ACT PROHIBITING MOTOR VEHICLE INSURANCE COMPANIES FROM DIRECTING INSURED TO SPECIFIC COMPANIES OR LOCATIONS FOR AUTOMOBILE GLASS REPLACEMENT, GLASS REPAIR SERVICE, OR GLASS PRODUCTS; PROHIBITING THE ESTABLISHMENT OF AN AGREEMENT WITH A COMPANY TO ARRANGE PAYMENT THROUGH A THIRD PARTY FOR AUTOMOBILE GLASS REPLACEMENT OR GLASS REPAIR SERVICE; PROHIBITING A COMPANY FROM ACTING AS GLASS BROKER FOR AN INSURANCE COMPANY WHEN THE GLASS BROKER SETS A PRICE THAT MUST BE MET BY A REPAIR SHOP AS A CONDITION TO DOING REPAIR WORK; PROHIBITING THE ESTABLISHMENT OF A PRICE TO BE MET BY A GLASS REPAIR SHOP AS A CONDITION TO DOING GLASS REPLACEMENT OR REPAIR WORK THAT IS BELOW THE LOWEST PREVAILING MARKET PRICE; PROHIBITING PERSONS WHO SELL, REPLACE, OR REPAIR AUTOMOBILE GLASS FROM OFFERING INCENTIVES; PROVIDING PENALTIES FOR VIOLATIONS; AND AMENDING SECTIONS 30-14-222, 30-14-223 AND 30-14-224, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA;

NEW SECTION. SECTION 1. DESIGNATION OF SPECIFIC REPAIR SHOPS PROHIBITED --LIST ALLOWED. (1) AN INSURER, ITS AGENT, OR ADJUSTERS SHALL NOT;

(A) REQUIRE ANY POLICYHOLDER TO USE A PARTICULAR COMPANY OR LOCATION FOR THE PROVISION OF AUTOMOBILE GLASS REPLACEMENT OR GLASS REPAIR SERVICES OR GLASS PRODUCTS WHICH SHALL BE REPLACED, REPAIRED, OR PROVIDED IN WHOLE OR IN PART UNDER THE TERMS OF AN INSURANCE POLICY;

(B) ENGAGE IN ANY ACT OR PRACTICE OF INTIMIDATION, COERCION, OR THREAT AGAINST ANY POLICYHOLDER TO USE A PARTICULAR COMPANY OR LOCATION TO PROVIDE AUTOMOBILE GLASS REPLACEMENT, OR GLASS REPAIR SERVICES, OR GLASS PRODUCTS INSURED IN WHOLE OR IN PART UNDER THE TERMS OF AN INSURANCE POLICY.

(2) (A) AN INSURANCE COMPANY MAY PROVIDE AN INSURED WITH A LIST THAT INCLUDES THE NAMES OF PARTICULAR COMPANIES OR LOCATIONS PROVIDING AUTOMOBILE GLASS REPLACEMENT, GLASS REPAIR SERVICES, OR GLASS PRODUCTS IF SOME OF THE LISTED COMPANIES OR LOCATIONS ARE REASONABLY CLOSE AND CONVENIENT TO THE INSURED. THE INSURANCE

COMPANY MAY RESTRICT THE LIST TO THOSE COMPANIES OR LOCATIONS THAT MEET REASONABLE STANDARDS OF QUALITY, SERVICE, AND SAFETY.

(B) THE INSURED MAY USE A NON-LISTED SHOP OR LOCATION AT THE INSURED'S SOLE DISCRETION AND, SUBJECT TO THE PROVISIONS OF SUBSECTIONS⁽¹⁾(2) (C) AND⁽¹⁾(3) BELOW, THE INSURANCE COMPANY WILL FULLY AND PROMPTLY PAY FOR THE COST OF AUTOMOBILE GLASS REPLACEMENT, GLASS REPAIR, OR GLASS PRODUCTS PROVIDED, LESS ANY DEDUCTIBLE UNDER THE TERMS OF THE POLICY.

(C) IN THE EVENT AN INSURED DOES NOT USE A LIST AS PROVIDED, THE INSURER MAY REQUIRE THE INSURED TO OBTAIN NOT MORE THAN THREE (3) COMPETITIVE BIDS TO ESTABLISH THE COST OF AUTOMOBILE GLASS REPLACEMENT, GLASS REPAIR SERVICES OR GLASS PRODUCTS PROVIDED.

(3) THIS SECTION SHALL NOT BE CONSTRUED TO REQUIRE AN INSURER TO PAY MORE FOR AUTOMOBILE GLASS REPLACEMENT, OR GLASS REPAIR SERVICES OR GLASS PRODUCTS THAN THE LOWEST PREVAILING MARKET PRICE AS DEFINED IN SECTION 2.

(4) NOTWITHSTANDING THE PROVISIONS OF SUBSECTIONS (1), (2), AND (3), AN INSURANCE COMPANY MAY AGREE TO PAY THE FULL COST OF GLASS REPLACEMENT OR GLASS REPAIRS

NEW SECTION. SECTION 2. LOWEST PREVAILING MARKET PRICE. FOR THE PURPOSE OF (SECTION 1 AND 3), " LOWEST PREVAILING MARKET PRICE" MEANS THE LOWEST MARKET PRICE IN A LOCAL AREA. THE LOWEST PREVAILING MARKET PRICE MAY NOT BE LESS THAN COST AS PROVIDED IN 30-14-209.

NEW SECTION. SECTION 3. PROHIBITED ACTIVITIES. (1) IT IS UNLAWFUL FOR AN INSURANCE COMPANY, INDIVIDUALLY OR WITH OTHERS, TO DIRECTLY OR INDIRECTLY:

(A) ESTABLISH AN AGREEMENT WITH A COMPANY TO ACT AS A GLASS BROKER FOR THE INSURANCE COMPANY UNDER WHICH THE GLASS BROKER SETS A PRICE THAT MUST BE MET BY A REPAIR SHOP AS A CONDITION FOR DOING GLASS REPLACEMENT OR GLASS REPAIR WORK FOR THE INSURANCE COMPANY;

(B) ESTABLISH AN AGREEMENT WITH ANY COMPANY THAT REQUIRES A REPAIR SHOP TO BILL THROUGH THE COMPANY AS A CONDITION FOR DOING GLASS REPLACEMENT OR GLASS REPAIR WORK; OR

(C) ESTABLISH A PRICE THAT MUST BE MET BY A REPAIR SHOP AS A CONDITION FOR DOING GLASS REPLACEMENT OR GLASS REPAIR WORK THAT IS BELOW THE LOWEST PREVAILING MARKET PRICE AS PROVIDED IN (SECTION 2).

(2) A COMPANY MAY NOT MANAGE, HANDLE, OR ARRANGE AUTOMOBILE GLASS REPLACEMENT OR GLASS REPAIR WORK FOR WHICH THE COMPANY RETAINS A PERCENTAGE OF THE AMOUNT OF THE CLAIM OR A SET FEE PAID BY THE INSURANCE COMPANY FOR AN AMOUNT IN EXCESS OF THE AMOUNT PAID TO THE REPAIR SHOP.

NEW SECTION. SECTION 4. REBATES AND INCENTIVES PROHIBITED -- ADVERTISING ALLOWED. (1) A PERSON ENGAGED IN THE SALE, REPAIR, OR REPLACEMENT OF AUTOMOBILE GLASS MAY NOT ADVERTISE, PROMISE TO PROVIDE, OR OFFER ANY COUPON, CREDIT, OR REBATE TO PAY ALL OR PART

0202717

OF AN INSURANCE DEDUCTIBLE UNDER A CASUALTY OR PROPERTY INSURANCE POLICY, NOR PAY ANY SUM OR INCENTIVE TO ANY INDIVIDUAL* FOR DIRECTING GLASS REPLACEMENT, GLASS REPAIR OR THE PURCHASE OF GLASS PRODUCT BUSINESS.

(2) A PERSON OR ASSOCIATION OF PERSONS ENGAGED IN THE SALE, REPAIR, OR REPLACEMENT OF AUTOMOBILE GLASS MAY ADVERTISE AS TO QUALITY, SERVICE, AND SAFETY.

(ADD TO SECTIONS 5 THROUGH 8 OF PROPOSED HB 273)

EXHIBIT 7
DATE 2-9-93
HB 273

GLACIER GLASS
507 East Railroad Street
Cut Bank, Montana, 59427

EXHIBIT 8
DATE 2-9-93
HB 273

February 2, 1993

Mr. Steve Benedict, Chairman
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE
Montana State Legislature - Room 104
State Capitol Building
Helena, Montana, 59620

Dear Chairman Benedict:

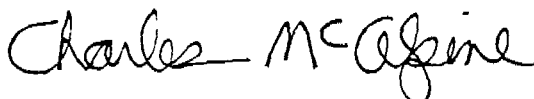
I own and operate a small glass business in northern Montana.
I strongly support the passage of House Bill #273.

By July of 1991, nearly all of the major insurance companies working in Montana had implemented mandatory networking for their auto glass claims. Networks are out of state businesses, most commonly owned by glass manufacturers or giant glass wholesalers. The 'network' contracts to handle all auto glass claims for an insurance company. Every insured with a glass claim is told by the insurance company that he must deal with the 'network', via the telephone. The 'network' tells the insured where he must go to have the repair work done. In order for an independent business like mine to get any of the insurance company's glass claims, I must also deal with the 'network'. The 'network' will direct claims to my business only if I agree, among other things, to let them control what I charge for glass, what I charge for materials, and what I charge for labor. These mandated prices are too often set artificially low. As you can see, these claims are no longer awarded based upon competitive bids from local, independent businesses.

The glass business I own and operate in Cut Bank had shown a modest profit over ten years. Following the July 1991 implementation of networking in Montana, my 1991 profit margin was exactly half. During 1992 I worked with some of the networks in a effort to serve my local customers, provide jobs for my employees, and maintain enough volume to stay in business. As a result of networking, I had no profit in 1992. Clearly the intent of networking auto glass claims is to force prices down and drive the independent shops out of business.

I urge that you carefully consider House Bill #273. I believe it will protect and promote independent business in Montana.

Sincerely,



Charles G. McAlpine

EXHIBIT 9
DATE 2-9-93
HE 273

DATE 2-9-98

HE 273

KALISPELL GLASS AND DOOR ^{HB} 273

1735 HIGHWAY 35
KALISPELL, MONTANA 59901
406-752-3777

To: Business + Economic Development Committee
(House of Representatives)

Subject: HB 273

I wanted to let you know my feelings about this bill. My windshield business has dropped off more than 50%. due to the insurance companies use of glass networks.

By eliminating the glass networks I feel we can keep our locally owned, independent glass shops in business and still give the insurance company the same price by cutting out the (out of state) middlemen

Please help support this bill for
Montana businesses.

Sincerely yours,

Glenn Hanley

EXHIBIT 10
 DATE 2-9-93
 HB 273

We the undersigned business owners, managers, shop
 foreman, ect. of the following businesses wish for your
 support of HOUSE BILL 273

These business are affected by the insurance networking
 and third party payments and agreements.

Signature	position	name and address of business
<u>Scott Digo</u>	<u>Owner</u>	<u>710 Auto Glass 484-1944</u>
<u>Ray S. [Signature]</u>	<u>Owner</u>	<u>710 West Holly, Sidney</u> <u>Quinn's Auto Body</u> <u>Box 474, Sidney 787-3101</u>
<u>Ray [Signature]</u>	<u>Shop Foreman</u>	<u>710 Auto Glass 482-1544</u>
<u>Car [Signature]</u>	<u>Gen City Mgr</u> <u>General Manager</u>	<u>710 West Holly Sidney 787</u> <u>Box 474 482-3120</u>
<u>Ray [Signature]</u>	<u>Gen City Mgr</u>	<u>SIDNEY 787 5920</u>
<u>Ray [Signature]</u>	<u>Body Shop Mgr</u>	<u>270 E. Main</u>
<u>[Signature]</u>	<u>Action Auto</u> <u>Owner / Gen Mgr</u>	<u>S. E. near Mt 5927</u>
<u>[Signature]</u>	<u>L. H. [Signature]</u> <u>Body Shop Mgr</u>	<u>Sidney</u>
<u>Ted Bialowski</u>	<u>owner</u>	<u>Sidney Body Shop</u> <u>1301 S CENTRAL</u>

Send TO - Steve Broadner
 Chairman Business-Economic Dev

Room 104

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business

COMMITTEE

BILL NO.

HB 273

DATE 2-9-93

SPONSOR(S)

Rep Wolz

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Ron Ashbraker	State Farm Ins		X
Greg Van Housen	State Farm Ins		X
Frank Ambush	VALLEY PT & GLASS	X	
Michael Gabel	Valley Pt & Glass	X	
DALE DALBEY	DALBEY GLASS	X	
Ronald F. Waterman	Farmers Insurance		X
Larry W. Jasar	Econo Glass	X	
JEFF ALSBORG	Triple A Glass	X	
Lyle Howell	LAKE GLASS	X	
ROGER McGLINN	IIAM	WITH AMEND'S	
GEVE PHILLIPS	N A II	As Amended	
Jacqueline J. Denmark	Am. Ins. Assoc.	w/amends	
George Hess	Polson Paint & Glass	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business COMMITTEE BILL NO. HB 273
DATE 2-9-93 SPONSOR(S) Rep. Molez
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
CHUCK McPINE CUT BANK	GLACIER GLASS	X	
Harold W Stephens	Bozeman Glass	X	
Bob Debus	NORTHWEST GLASS	X	
Jim Arthur	QUALITY GLASS	X	
Alice Arthur	Quality Glass	X	
FRANK Shepard	Shepard's Glass Inc	X	
Brett Tally	SCOTT'S GLASS	X	
Scott Tally	SCOTT'S GLASS	X	
Brian Doll	DOLL'S GLASS	X	
Dan Mellor	The Glass Depot	X	
Larry Arthur	Quality Glass west	X	
BOB SCHULTE	SCHULTE GLASS	X	
Jan Wilkinson	Northwest Glass	X	
Steve Wilkinson	Northwest Glass	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business & E.C. COMMITTEE BILL NO. HB 273
DATE Feb. 9, 1993 SPONSOR(S) E. R. Delegal
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Harold Hansen	MT and auto Glass Dealers	X	
Terry Rothacher	Auto Glass Spec.	X	
Clark Haden	Auto Glass Spec	X	
Mike Hertzog	7th & Main Auto Glass	X	
Alan Drizin	A+D Auto Body	X	
Ronald M. Jensen	United Glass	X	
John M. Knox	Auto Glass Specialists	X	
Tim Folk	Hi-Line Glass & Window	X	
Bob Rich	Hi-Line Glass & Window	X	
Maurice Hansen	myself	X	
Mark Mock	Frontline Glass	X	
Pat McVey	She/By Glass	X	
CURTIS HUNSTON	THE GLASS HOUSE	X	
SCOTT ORSER	NOVUS WINDSHIELD DOCTOR	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

REP. LARSON asked Gary Willis, MPC, to explain the procedure of an investor-owned utility company and how do they take care of their billing errors. Mr. Willis said the billing is either too high or too low, but they very seldom have this problem. Mr. Willis said to handle the problem they will approach the consumer to inform them of the error unless it is over six months.

REP. SONNY HANSON asked Ric Brown how many cooperative are serving buildings owned by the state of Montana? Mr. Brown said that most of the cooperatives are rural and are prohibited from serving inside a city with a population of 3,000 or more. He said they do serve some federal facilities.

Closing by Sponsor:

REP. GILBERT closed.

EXECUTIVE ACTION ON HB 273

VICE CHAIRMAN SONNY HANSON informed the committee that he had the proxy vote for REP. HERRON. REP. DAILY said he had the proxy vote for REP. COCCHIARELLA.

Motion: REP. LARSON MOVED HB 273 DO PASS.

Discussion: CHAIRMAN BENEDICT informed the committee that he has spoken with REP. DOLEZAL, the sponsor of the bill, and said an agreement has been reached between the insurance industry, the glass brokers, and the auditor's office. He said that REP. DOLEZAL would go through the amendments with the committee so they could see what the amendments will do to the bill. REP. DOLEZAL informed the committee of another amendment to consider because the insurance people were adamant that this law applies only to glass repair work. Some of the language is ambiguous because it refers to repair shop. He gave Paul Verdon a copy of the bill to show where they changed the language where it was appropriate to show it is glass repair work. EXHIBITS 8 & 9

REP. BACHINI moved to adopt amendment #1.

REP. BRANDEWIE called the question. Voice vote was taken. Motion carried unanimously. EXHIBIT 8

REP. BRANDEWIE moved to adopt the conceptual amendment #2. This amendment will replace repair shop with glass repair shop. REP. DAILY called the question. Voice vote was taken. Motion carried unanimously.

REP. SIMON moved to adopt amendment #3. It will give the definition of a glass broker.

REP. BACHINI said the insurance industry and glass brokers would need to get together to decide what the definition of a glass broker is before the committee votes on it. REP. SONNY HANSON called the question. Voice vote was taken. Motion carried 15 - 3 with REPS. BACHINI, ELLIS AND CHAIRMAN BENEDICT voting no.

Motion/Vote: REP. BRANDEWIE MOVED HB 273 DO PASS AS AMENDED. REP. MILLS called the question. Voice vote was taken. Motion carried unanimously.

Vote: HB 273 DO PASS AS AMENDED. Motion carried 18 - 0.

EXECUTIVE ACTION ON HB 556

Motion: REP. DAILY MOVED HB 556 DO PASS.

Discussion: REP. DAILY said HB 556 was thoroughly discussed and felt the issues didn't need to be addressed any further.

Motion/Vote: REP. BACHINI called the question. Roll call vote was taken. Motion failed 7 - 11. EXHIBIT 10

Motion/Vote: REP. SONNY HANSON MOVED HB 556 BE TABLED. Roll call vote was taken. Motion carried 10 - 8. EXHIBIT 11

Vote: HB 556 BE TABLED. Motion carried 10 - 8.

EXECUTIVE ACTION ON HB 245

Motion: REP. DOWELL MOVED HB 245 DO PASS.

Discussion: REP. DOWELL moved to adopt the amendment and the gray bill. Paul Verdon explained the amendments and the gray bill to the committee. The question was called. Voice vote was taken. Motion carried unanimously. EXHIBITS 12 & 13

Motion/Vote: REP. DOWELL MOVED HB 245 DO PASS AS AMENDED. Roll call vote was taken. Motion carried 10 - 8. EXHIBIT 14

Vote: HB 245 DO PASS AS AMENDED. Motion carried 10 - 8.

EXECUTIVE ACTION ON HB 321

Motion: REP. DOWELL MOVED HB 321 DO PASS.

Discussion: REP. DOWELL moved to adopt the amendments and the gray bill. REP. DOWELL explained the amendments to the committee and how they will affect the bill. EXHIBITS 15 & 16

HOUSE STANDING COMMITTEE REPORT

February 17, 1993

Page 1 of 5

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 273 (first reading copy -- white) do pass as amended .

Signed: _____

Steve Benedict, Chair

And, that such amendments read:

1. Title, line 11.

Strike: "AGENT"

Insert: "GLASS BROKER"

Strike: "EITHER"

2. Title, line 12.

Strike: "AGENT OR INSURANCE COMPANY"

Insert: "GLASS BROKER"

3. Title, line 14.

Following: line 13

Insert: "DEFINING GLASS BROKER;"

Following: "BY A"

Insert: "GLASS"

4. Title, line 15.

Following: "SHOP"

Strike: "THAT"

Insert: "AS A CONDITION TO DOING GLASS REPLACEMENT OR GLASS REPAIR WORK WHEN THE PRICE"

5. Title, lines 17 and 18.

Strike: "CREDITS AGAINST INSURANCE DEDUCTIBLES"

Insert: "INCENTIVES"

6. Title, line 19.

Strike: line 19 through "MCA"

Insert: "GRANTING ENFORCEMENT AUTHORITY TO THE INSURANCE COMMISSIONER"

7. Page 1, line 23.

Strike: "(a)"

Committee Vote:

Yes 18, No 0.

391226SC.455

8. Page 2, line 1.

Following: "not"

Insert: ":"
(a) "

9. Page 2, line 5.

Following: "policy"

Strike: "."

Insert: "; or"

10. Page 2, lines 6 and 7.

Following: "(b)"

Strike: the remainder of line 6 through "not" on line 7

11. Page 2, line 10.

Page 2, line 14

Page 3, line 6

Following: "replacement,"

Insert: "glass"

12. Page 2, line 11.

Page 2, line 15

Page 3, line 6

Following: ", or"

Insert: "glass"

13. Page 2, line 11.

Following: "products"

Insert: "insured in whole or in part under the terms of an
insurance policy"

14. Page 2, line 15.

Following: "if"

Insert: "some of"

15. Page 2, lines 16 through 20.

Following: "insured" on line 16

Strike: remainder of line 16 through "products" on line 20

16. Page 2, lines 23 through 25.

Following: "(b)" on line 23

Strike: remainder of line 23 through line 25

Insert: "The"

17. Page 3, lines 1 and 2.

Following: "insured" on line 1

Strike: remainder of line 1 through "used" on line 2

Insert: "may use a nonlisted shop or location"

18. Page 3, line 3.

Following: "discretion"

Insert: ", "

Following: "and"

Strike: "that"

Insert: "subject to the provisions of subsections (2)(c) and (3),"

19. Page 3, lines 4 and 5.

Following: "pay" on line 4

Strike: remainder of line 4 through "2]," on line 5

20. Page 3, lines 3 through 12.

Strike: lines 8 through 12 in their entirety

Insert: "(c) If the insured does not use a list as provided in subsection (2)(a), the insurer may require the insured to obtain not more than three competitive bids to establish the cost of automobile glass replacement, glass repair services, or glass products provided.

(3) This section does not require an insurer to pay more for automobile glass replacement, glass repair services, or glass products than the lowest prevailing market price as defined in [section 2]."

Renumber: subsequent subsection

21. Page 3, line 14.

Strike: "and (2)"

Insert: "through (3)"

22. Page 3, lines 19 through 24.

Following: "area" on line 19

Strike: remainder of line 19 through "products" on line 24

23. Page 4, line 2.

Following: "activities"

Insert: "-- glass broker defined"

24. Page 4, lines 5 through 7.

Strike: subsection (a) in its entirety

Renumber: subsequent subsections

25. Page 4, line 9.

Strike: "agent"

Insert: "glass broker"

26. Page 4, lines 9 and 10.

Strike: "insurance company or the agent"

Insert: "glass broker"

(b) pay a sum or incentive to an individual or entity for directing glass replacement or repair or the purchase of a glass product"

37. Page 5, line 10 through page 7, line 21.

Strike: sections 5 through 7 in their entirety

Insert: "NEW SECTION. Section 5. Desist orders for prohibited practices. Violations of [sections 1 through 4] are subject to cease and desist orders of the commissioner issued under 33-18-1004."

Renumber: subsequent section

38. Page 7, line 22.

Following: "instruction."

Insert: "(1)"

39. Page 7, lines 24 and 25.

Strike: "30"

Insert: "33"

Strike: "14"

Insert: "18"

40. Page 8, line 2.

Following: line 1

Insert: "(2) [Section 5] is intended to be codified as an integral part of Title 33, chapter 13, part 10, and the provisions of Title 33, chapter 18, part 10, apply to [section 5]."

27. Page 4, line 10.

Page 4, line 16

Following: "by a"

Insert: "glass"

28. Page 4, line 11.

Page 4, line 15

Page 4, line 17

Page 4, line 21

Following: "or"

Insert: "glass"

29. Page 4, line 14.

Following: "requires a"

Insert: "glass"

30. Page 4, line 22.

Following: "claim"

Insert: "or a set fee"

31. Page 4, lines 23 and 24.

Following: "to the"

Insert: "glass"

32. Page 4, lines 23 and 24.

Strike: "or bills the insurance company"

33. Page 5, line 1.

Following: page 4

Insert: "(3) As used in this section, "glass broker" means an automobile glass company that acts as a third-party agent for the insurer for the purpose of entering into agreements with other automobile glass dealers to perform glass replacement or glass repair work."

34. Page 5, line 1.

Following: "Rebates"

Insert: "and incentives"

35. Page 5, line 3.

Following: "not"

Insert: ":"

(a) "

36. Page 5, line 6.

Following: "policy"

Insert: "; or

Amendments to House Bill No. 273
First Reading Copy

Requested by Representative Dolezal
For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 14, 1993

1. Title, line 11.

Strike: "AGENT"

Insert: "GLASS BROKER"

Strike: "EITHER"

2. Title, line 12.

Strike: "AGENT OR INSURANCE COMPANY"

Insert: "GLASS BROKER"

3. Title, line 15.

Following: "SHOP"

Insert: "AS A CONDITION TO DOING GLASS REPLACEMENT OR REPAIR
WORK"

4. Title, lines 17 and 18.

Strike: "CREDITS AGAINST INSURANCE DEDUCTIBLES"

Insert: "INCENTIVES"

5. Title, line 19.

Strike: line 19 through "MCA"

Insert: "GRANTING ENFORCEMENT AUTHORITY TO THE INSURANCE
COMMISSIONER"

6. Page 1, line 23.

Strike: "(a)"

7. Page 2, line 1.

Following: "not"

Insert: ":"

(a)"

8. Page 2, line 5.

Following: "policy"

Strike: "."

Insert: "; or"

9. Page 2, lines 6 and 7.

Following: "(b)"

Strike: the remainder of line 6 through "not" on line 7

10. Page 2, line 11.

Following: "products"

Insert: "insured in whole or in part under the terms of an
insurance policy"

11. Page 2, line 15.
Following: "if"
Insert: "some of"
12. Page 2, lines 16 through 20.
Following: "insured" on line 16
Strike: remainder of line 16 through "products" on line 20
13. Page 2, lines 23 through 25.
Following: "(b)" on line 23
Strike: remainder of line 23 through line 25
Insert: "The"
14. Page 3, lines 1 and 2.
Following: "insured" on line 1
Strike: remainder of line 1 through "used" on line 2
Insert: "may use a nonlisted shop or location"
15. Page 3, line 3.
Following: "discretion"
Insert: ", "
Following: "and"
Strike: "that"
Insert: "subject to the provisions of subsections (2)(c) and
(3),"
16. Page 3, lines 4 and 5.
Following: "pay" on line 4
Strike: remainder of line 4 through "2]," on line 5
17. Page 3, lines 8 through 12.
Strike: lines 8 through 12 in their entirety
Insert: "(c) If the insured does not use a list as provided in
subsection (2)(a), the insurer may require the insured to
obtain not more than three competitive bids to establish the
cost of automobile glass replacement, repair services, or
products provided.
(3) This section does not require an insured to pay
more for automobile glass replacement, repair services, or
products than the lowest prevailing market price as defined
in [section 2]."
Renumber: subsequent subsection
18. Page 3, line 14.
Strike: "and (2)"
Insert: "through (3)"
19. Page 4, lines 5 through 7.
Strike: subsection (a) in its entirety
Renumber: subsequent subsections
20. Page 4, line 9.
Strike: "agent"
Insert: "glass broker"

EXHIBIT 8
DATE 2-15-93
HB 273

21. Page 4, lines 9 and 10.
Strike: "insurance company or the agent"
Insert: "glass broker"

22. Page 4, line 22.
Following: "claim"
Insert: "or a set fee"

23. Page 4, lines 23 and 24.
Strike: "or bills the insurance company"

24. Page 5, line 1.
Following: "Rebates"
Insert: "and incentives"

25. Page 5, line 3.
Following: "not"
Insert: ":

(a)"

26. Page 5, line 6.
Following: "policy"
Insert: "; or
(b) pay a sum or incentive to an individual or entity
for directing glass replacement or repair or the purchase of
a glass product"

27. Page 5, line 10, through page 7, line 21.
Strike: sections 5 through 7 in their entirety
Insert: "NEW SECTION. Section 5. Desist orders for prohibited
practices. Violations of [this act] are subject to cease and
desist orders of the commissioner issued under 33-18-1004."
Renummer: subsequent section

28. Page 7, line 22.
Following: "instruction."
Insert: "(1)"

29. Page 7, lines 24 and 25.
Strike: "30"
Insert: "33"
Strike: "14"
Insert: "18"

30. Page 8, line 2.
Following: line 1
Insert: "(2) [Section 5] is intended to be codified as an
integral part of Title 33, chapter 18, part 10, and the
provisions of Title 33, chapter 18, part 10, apply to
[section 5]."

amendments
2/15/93

EXHIBIT 9
DATE 2-15-93
HB 273

53rd Legislature

LC 0934/01

LC 0934/01

⑦
②

1

House BILL NO. 273

2

INTRODUCED BY

4

A BILL FOR AN ACT ENTITLED

5

VEHICLE INSURANCE COMPANIES FROM DIRECTING INSURED TO

6

SPECIFIC COMPANIES OR LOCATIONS FOR AUTOMOBILE GLASS

7

REPLACEMENT, REPAIR SERVICE, OR PRODUCTS; PROHIBITING THE

8

ESTABLISHMENT OF AN AGREEMENT WITH A COMPANY TO ARRANGE

9

PAYMENT THROUGH A THIRD PARTY FOR AUTOMOBILE GLASS

10

REPLACEMENT OR REPAIR SERVICE; PROHIBITING A COMPANY FROM

11

① ACTING AS ~~AGENT~~ FOR AN INSURANCE COMPANY WHEN ~~BELOW~~ THE

12

② AGENT OR INSURANCE COMPANY SETS A PRICE THAT MUST BE MET BY

13

A REPAIR SHOP AS A CONDITION TO DOING REPAIR WORK;

14

PROHIBITING THE ESTABLISHMENT OF A PRICE TO BE MET BY A

15

REPAIR SHOP THAT IS BELOW THE LOWEST PREVAILING MARKET

16

PRICE; PROHIBITING PERSONS WHO ~~SELL~~, REPLACE, OR REPAIR

17

AUTOMOBILE GLASS FROM OFFERING ~~CREDITS~~ ^{INCENTIVES} AGAINST INSURANCE

18

DEDUCTIBLES; PROVIDING PENALTIES FOR VIOLATIONS; AND

19

~~AMENDING SECTIONS 30-14-222, 30-14-223, AND 30-14-224, MCA.~~

20

⑤ Granting enforcement authority to the insurance commission

21

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

22

NEW SECTION. Section 1. Designation of specific repair

23

shops prohibited -- lists allowed. ⑥ An insurance

24

company, including its agents and adjusters, that issues or

25

renews a policy of insurance in this state covering, in

1

whole or part, a motor vehicle may not require or recommend

2

that a person insured under the policy use a particular

3

company or location for providing automobile glass

4

replacement, repair services, or products insured in whole

5

or part by the policy. ⑧

6

⑨ (b) ~~An insurance company, including its agents and~~

7

~~adjusters, may not engage in any act or practice of~~

8

intimidation, coercion, threat, incentive, or inducement for

9

or against an insured person to use a particular company or

10

location to provide automobile glass replacement, repair

11

services, or products insured in whole or part under terms

12

(2) (a) An insurance company may provide an insured

13

with a list that includes the names of particular companies

14

or locations providing automobile glass replacement, repair

15

services, or products if ⑩ some of the listed companies or locations

16

are reasonably close and convenient to the insured, and if

17

⑪ none of the companies or locations on the list have entered

18

into an arrangement with any other company or location on

19

the list with respect to prices or other aspects of

20

furnishing services or products. The insurance company may

21

restrict the list to those companies or locations that meet

22

reasonable standards of quality, service, and safety.

23

⑫ (b) ~~If a list is provided, the insurance company or its~~

24

~~agents or adjusters shall, when a claim wholly or partially~~

25

~~reimbursable under the insurance policy is made by the~~

(14) may use a non-listed shop or location

1 insured, ~~provide oral and written disclosure that a~~
 2 ~~nonlisted company or location may be used at the insured's~~
 3 ~~sole discretion and that the insurance company will fully~~ (15) subject to provisions of Subsections 2(c) and 3
 4 ~~and promptly pay at no less than the lowest prevailing~~ (16)
 5 ~~market price as defined in [section 2], for the cost of~~
 6 ~~automobile glass replacement, repair services, or products~~
 7 ~~provided, less any deductible under the terms of the policy.~~
 8 ~~If the insured elects to use a nonlisted company or~~
 9 ~~location, the insurance company may not impose upon the~~
 10 ~~insured any requirements, including obtaining written~~
 11 ~~estimates, not required if the insured elects to use a~~
 12 ~~listed company or location.~~

13 (3) Notwithstanding the provisions of subsections (1)
 14 ~~and (2)~~, an insurance company may agree to pay the full cost
 15 of glass replacement or repair.

16 NEW SECTION. Section 2. Lowest prevailing market
 17 price. For purposes of [sections 1 and 3], "lowest
 18 prevailing market price" means the lowest market price in a
 19 local area [for similarly situated companies or locations
 20 providing comparable automobile glass replacement, repair
 21 services, or products without taking into consideration
 22 companies or locations that have arrangements with one
 23 another with respect to prices or other aspects of
 24 furnishing glass replacement, repair services, or products.]
 25 The lowest prevailing market price may not be less than cost

1 as provided in 30-14-209.

2 NEW SECTION. Section 3. Prohibited activities. (1) It
 3 is unlawful for an insurance company, individually or with
 4 others, to directly or indirectly:

5 (a) ~~establish an agreement with a company to manage,~~
 6 ~~handle, or arrange automobile glass replacement or repair~~
 7 ~~work;~~

8 (b) establish an agreement with a company to act as an
 9 ~~agent for the insurance company under which the insurance~~ (21) glass broker
 10 ~~company or the agent sets a price that must be met by a~~
 11 ~~repair shop as a condition for doing glass replacement or~~
 12 ~~repair work for the insurance company;~~

13 (c) establish an agreement with any company that
 14 requires a repair shop to bill through the company as a
 15 condition of doing glass replacement or repair work; or

16 (d) establish a price that must be met by a repair shop
 17 as a condition for doing glass replacement or repair work
 18 that is below the lowest prevailing market price as provided
 19 in [section 2].

20 (2) A company may not manage, handle, or arrange
 21 automobile glass replacement or repair work for which the
 22 company retains a percentage of the claim paid by the
 23 insurance company to the repair shop (22) or sales fee
 24 ~~company~~ (23) for an amount in excess of the amount paid to the
 25 repair shop.

(24) and incentives

1 NEW SECTION. Section 4. Rebates A prohibited --
 2 advertising allowed. (1) A person engaged in the sale, (25)
 3 repair, or replacement of automobile glass may not (a)
 4 advertise, promise to provide, or offer any coupon, credit,
 5 or rebate to pay all or part of an insurance deductible
 6 under a casualty or property insurance policy. (b) (26) pay sum or
 7 (2) A person or association of persons engaged in the
 8 sale, repair, or replacement of automobile glass may
 9 advertise services as to quality, service, and safety.

10 (27) Section 5. Section 30-14-222, MCA, is amended to read:
 11 "30-14-222. Injunctions -- damages -- production of
 12 evidence. (1) Any person, if injured thereby by an act, or
 13 the attorney general may maintain an action to enjoin a
 14 continuance of an act in violation of 30-14-205 through
 15 30-14-218 or [sections 1 through 4] and for the recovery of
 16 damages. If in such the action the court finds that the
 17 defendant is violating or has violated any of the provisions
 18 of 30-14-205 through 30-14-218 or [sections 1 through 4], it
 19 shall enjoin the defendant from a continuance thereof of the
 20 violation. It is not necessary to allege or prove actual
 21 damages to the plaintiff.
 22 (2) In addition to such injunctive relief, the
 23 plaintiff is entitled to recover from the defendant three
 24 times the amount of actual damages sustained.
 25 (3) A defendant in an action brought under this section

9
 2/15/93
 4B 273

1 may be required to testify under the Montana Rules of Civil
 2 Procedure. In addition, the books and records of any--such
 3 the defendant may be brought into court and introduced into
 4 evidence by reference. No--information Information so
 5 obtained may not be used against the defendant as a basis
 6 for a misdemeanor prosecution under 30-14-205 through
 7 30-14-218, [sections 1 through 4], or and 30-14-224."

8 Section 6. Section 30-14-223, MCA, is amended to read:
 9 "30-14-223. Department to institute suit. Upon the
 10 third violation of any of the provisions of 30-14-205
 11 through 30-14-218 or [sections 1 through 4] by any a
 12 business, the department shall institute proper suits or quo
 13 warrant proceedings in a court of competent jurisdiction
 14 for the forfeiture of its charter, rights, franchises or
 15 privileges, and powers exercised by such the business and to
 16 permanently enjoin it from transacting business in this
 17 state. If in such the action the court finds that the
 18 business is violating or has violated any of the provisions
 19 of 30-14-205 through 30-14-218 or [sections 1 through 4], it
 20 shall enjoin the business from doing business in this state
 21 permanently or for such a time as the court orders or shall
 22 annul the charter or revoke the franchise of such the
 23 business."

24 Section 7. Section 30-14-224, MCA, is amended to read:
 25 "30-14-224. Penalties. (1) Except as otherwise provided

1 in this section, a person, whether as principal, agent,
 2 officer, or director, who violates any of the provisions of
 3 30-14-206 through 30-14-218 or [sections 1 through 4] is
 4 guilty of a misdemeanor for each single violation and upon
 5 conviction thereof shall be fined not less than \$100 or more
 6 than \$1,000 or imprisoned for a term not to exceed 6 months,
 7 or both.

8 (2) A violation of 30-14-205 is punishable by
 9 imprisonment in the county jail for a period not less than
 10 24 hours or more than 1 year or by fine not exceeding
 11 \$25,000, or both.

12 (3) When there is a violation of 30-14-216, in addition
 13 to the penalty specified in subsection (1), the court before
 14 which a conviction is had shall, within 10 days after
 15 judgment of conviction is given, forward a certified copy of
 16 the judgment to the department of agriculture and that
 17 department shall revoke any license issued to the person so
 18 convicted. ~~in such case no.~~ A new license may not be granted
 19 to the person whose license is revoked or to anyone either
 20 directly or indirectly engaged with him that person in such
 21 that business for a period of 1 year."

22 NEW SECTION. Section 8. Codification instruction. (1) (28)
 23 [Sections 1 through 4] are intended to be codified as an
 24 integral part of Title ³³~~24~~, chapter ¹⁸~~17~~, part 2, and the
 25 provisions of Title ³³~~24~~, chapter ¹⁸~~17~~, part 2, apply to

1 [sections 1 through 4].

-End-

(30)

(29)

Proponents' Testimony:

Garth Jacobson, Secretary of State's Office, stated his support of HB 577.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Referring to section 5, Senator Christiaens asked Mr. Jacobson why the word "profit" had been changed to "non-profit". Mr. Jacobson stated until a corporation loses its "non-profit" status, they can not merge with other "profit" corporations.

Closing by Sponsor:

Representative Brown closed on HB 577.

HEARING ON HB 273Opening Statement by Sponsor:

Representative Ed Dolezal, House District 34, stated HB 273 would address the insurance companies and their auto glass repair policies. He stated insurance companies currently contract with a third party for any auto glass repairs. He stated the contracts save the insurance companies money because they do not have to hire staff to process the claims. Representative Dolezal stated the companies with whom they contract do the repair work for a "set fee" which sometimes means the companies operate at a loss. He stated the insurance companies are contracting with the "Network Glass Repair" shops and cutting out the competition. He stated HB 273 would provides the consumer with choices and establish a competitive situation which would allow the consumer to choose the lowest prevailing market price. He stated there was a proposed amendment to page 1, line 10, which would insert the word "glass" and another proposed amendment of page 2 line 9 which would remove the phrase "or recommend".

Proponents' Testimony:

Representative Gary Mason, House District 63 stated currently no choices were available to the consumer. He stated HB 273 would provide consumers with the opportunity to chose who they want to do their auto repair work.

Charles Brooks, Executive Vice President, Montana Retail Association, read from prepared testimony in support of HB 273 (Exhibit #1).

Frank Cote, Deputy Insurance Commissioner, stated his support of HB 273. He supplied the Committee with proposed amendments which Representative Dolezal had approved (Exhibit #2).

John Knox, Auto Glass Specialist, read from prepared testimony in support of HB 273 (Exhibit #3).

Roger McGlenn, Independent Insurance Agents of Montana, stated his support of HB 273.

Ron Waterman, Farmers Insurance Companies, stated his support of HB 273 as it was amended in the House. He stated the amendments contain a "full" compromise between the insurance agencies and the glass companies.

Scott Tally, Scott's Auto Glass, stated his support of HB 273. He stated the network glass repair system can be confusing. He stated HB 273 would allow for quality products at fair prices.

Truman Strohf, Magic City Glass, stated his support of HB 273. He stated he had lost 84% of his business to the Networks.

Opponents' Testimony:

Gene Phillips, National Association of Independent Insurers stated he supported the amendments to HB 273, but opposed HB 273 because of section 5.

Jane Mellon, All State Insurance Companies, stated she was concerned with section 3. She stated the Network system caused a reduction in premiums, resulted in customer satisfaction and allowed for guaranteed work. She stated under the Network system the customers have the option to use the glass shops they prefer. She stated the Network systems save the consumer money because they save the insurance companies from having to separately bill process every claim. She stated an increase in the insurance companies' costs will be directly passed on to the consumer in higher premiums.

Mary Joe Prigey, Globe Insurance Companies stated her opposition to HB 273. She stated the savings from the Network system results in direct benefits for the consumers. She stated the costumer has the choice of using the Network glass shops or using a shop of their choice.

Questions From Committee Members and Responses:

Senator Koehnke asked Ms. Prigey if the consumer would have a

choice of companies within the Network. Ms. Prigey stated the consumer may choose between any of the Network businesses.

Senator Christiaens asked Mr. Phillips if the Network system was violated the anti-trust laws under the Robinson-Patman act. Mr. Phillips stated the anti-trust act does not apply to the Networks.

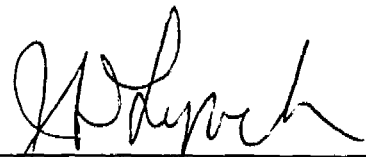
Senator Brenden asked Mr. Stroh if there were different qualities of glass a person could have installed on their vehicle. Mr. Stroh stated there were different qualities of glass and costs differ according to the quality.

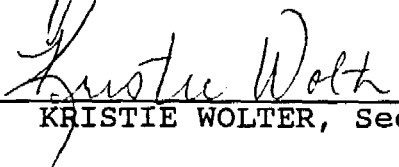
Closing by Sponsor:

Representative Dolezal asked the Committee to resist the amendments proposed during the hearing. He asked the Committee to give favorable consideration of HB 273.

ADJOURNMENT

Adjournment: 10:52 a.m.



SENATOR J.D. LYNCH, Chair

KRISTIE WOLTER, Secretary

JDL/klw

ROLL CALL

SENATE COMMITTEE Business & Industry DATE 3/11

NAME	PRESENT	ABSENT	EXCUSED
Senator Lynch	✓		
Senator Christiaens	✓		
Senator Brenden	✓		
Senator Gage	✓		
Senator Hager			
Senator Harding	✓		
Senator Kennedy	✓		
Senator Klampe	✓		
Senator Koehnke	✓		
Senator Mesaros	✓		
Senator Rea	✓		
Senator Bruski-Maus	✓		
Senator Wilson	✓		
	✓		



Executive Office
318 N. Last Chance Gulch
P.O. Box 440
Helena, MT 59624
Phone (406) 442-3388

TESTIMONY
HOUSE BILL 273
10:00 A. M.
ROOM 410
MARCH 11, 1993

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE 3/11/93
BILL NO. HB 273

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

FOR THE RECORD, I AM CHARLES BROOKS, EXECUTIVE VICE PRESIDENT OF THE MONTANA RETAIL ASSOCIATION. THE MONTANA RETAIL ASSOCIATION IS A BROAD BASED GROUP OF OVER 800 RETAIL STORES THROUGHOUT THE STATE OF MONTANA. WE COUNT AMONG OUR MEMBERS OVER 61 INDEPENDENT AUTO GLASS DEALERS. THERE ARE ANOTHER 20 GLASS DEALERS WHO ARE SUPPORTIVE OF THIS LEGISLATION WHO FELT THEY COULD NOT AFFORD THE DUES IN OUR ORGANIZATION. THE COMBINED MEMBERSHIP IS SOLID BEHIND THIS LEGISLATION.

FOR SEVERAL YEARS NOW A MAJOR CHANGE HAS BEEN TAKING PLACE IN THE AUTO GLASS REPAIR INDUSTRY. INSURANCE COMPANIES HAVE BEEN MAKING DEALS WITH NATIONWIDE COMPANIES KNOWN AS "NETWORKS". WE BELIEVE THESE ARRANGEMENTS AT BEST TO BE VERY QUESTIONABLE UNDER THE FAIR TRADE PRACTICE ACT. AFTER A NUMBER OF MEETINGS WITH THE AUDITORS OFFICE, ATTORNEY GENERALS OFFICE AND THE DEPARTMENT OF COMMERCE. EACH AGENCY HAS INDICATED THAT DUE TO THE LACK OF STAFF, THEY CANNOT INVESTIGATE THE PROBLEMS IN THE INDUSTRY AND HAVE SUGGESTED THAT WE COME TO THE LEGISLATURE WITH LEGISLATION TO ADDRESS THE ISSUES INVOLVED. REPRESENTATIVES FROM THESE AGENCIES ARE HERE TODAY, SHOULD THE COMMITTEE HAVE QUESTIONS.

WHAT ARE NETWORKS? THEY ARE LARGE NATIONAL AUTO GLASS REPAIR COMPANIES THAT HAVE MADE EXCLUSIVE CONTRACTS WITH MAJOR INSURANCE COMPANIES TO DO ALL THEIR GLASS REPAIR WORK. IF A INDEPENDENT GLASS SHOP WANTS TO DO BUSINESS WITH THE INSURANCE COMPANY, THE SHOP MUST SIGN A CONTRACT WITH THE NETWORKS AND PAY A BROKAGE FEE AND AGREE TO THEIR PRICING STRUCTURE AND THAT STRUCTURE CHANGES WITH THE WIND. I ASK THAT YOU REVIEW THE ATTACHED MATERIALS AND IT WILL GIVE YOU A QUICK OVERVIEW OF THE PROBLEMS IN THE INDUSTRY.

THIS BILL IS ABOUT:

1. PRO SMALL TOWN MONTANA - MAIN STREET MONTANA
2. FREEDOM OF CHOICE FOR THE INSURED
3. PRO COMPETITION-NOT ANTI-COMPETITION
4. PRO CUSTOMER SERVICE
5. LEVEL PLAYING FIELD FOR ALL PLAYERS
6. ECONOMIC DEVELOPMENT
7. SURVIVAL OF A TAX PAYING INDUSTRY THAT MAY BE HISTORY, IF WE DO NOT ADDRESS LEGISLATION TO PREVENT THESE UNFAIR BUSINESS PRACTICES.

WE URGE A STRONG DO PASS VOTE FOR HB 273. THANK YOU FOR THE

AUTOMOTIVE GLASS REPLACEMENT INSURANCE REFERRAL REFORM LAWS

STATES THAT HAVE PASSED LAWS

21 {
Colorado
Connecticut
Illinois
Kentucky
Louisiana
Maryland
Maine
Massachusetts
Minnesota
Mississippi
Nebraska
New Hampshire
New York
North Carolina
Pennsylvania
South Dakota
Texas
Vermont
Virginia
West Virginia
Wisconsin

STATES THAT HAVE INTRODUCED BILLS

11 {
Arizona
Idaho
Indiana
Iowa
Michigan
Montana
New Jersey
Ohio
Rhode Island
South Carolina
Tennessee

STATES THAT HAVE NOT INTRODUCED BILLS

Alabama
Alaska
Arkansas
California
Delaware
Florida
Georgia
Hawaii
Kansas
*Missouri
Nevada
New Mexico
North Dakota
Oklahoma
Oregon
Utah
Washington
Wyoming

Twenty-one states have passed legislation and eleven states are pending.

* Will be introducing a bill in the upcoming legislative session.



National Automotive Glass Consultants Update

1 No. 3

NAGC UPDATE

December 1992

idging the Gap

io is to say that insurance agents will be around in ten years? A Farmers agent who has been very active with the bus insurance agents associations acts eight years.

State agents are constantly dealing

Sears financial troubles, one 20 year

ate agent said, "It's difficult for an

it to make a living when your book of

ness is shrinking and it's the

pany's intention that it do so. What's

pening is Allstate's financing a

ndering retailer and paying the price

ugh its agents because it's restricting

kinds of business it will write."

en there is the ongoing battle between

at and carrier regarding their contracts.

riers have introduced new contract

is which undermine an agents ownership

xpirations, cut their compensation or

e them to shoulder new liabilities.

x months ago, Farmers agents filed two

suits against Farmer Insurance seeking

e \$600 million in damages for alleged

ation of antitrust laws.

ne agents allege that Farmers Insurance

coerced agents into purchasing its

puter equipment so they can have

ss to their "Agency Network System."

system allows them to gain rating,

keting and policyholder information.

y feel there is an illegal tie-in of its

puter sales to its Agency Network

tem.

ne first class action suit was brought by

Farmers agents in Texas, that are

resenting numerous agents, the second

s action suit was filed by the United

mers Agents Association (UFAA)

resenting approximately 2,500 agent

bers. UFAA also agrees with the other

regarding the computer sales and

itionally seeks to prohibit Farmers

from engaging in practices which agents claim violate their contract, like terminating and threatening to terminate agents without good cause.

It doesn't take an expert to see the writing on the wall. The wave of the insurance future with the latest technology will eventually replace CSR's, receptionists, sales staff, and unfortunately even your local community agent. One of the ways is through "Company Service Centers".

Safeco has implemented service centers that "support" the local independent agents office. For two percent of an agent's personal line premiums they can hook up with a service center, get rid of their staff and go out and sell all day. One agent who was tired of hearing peoples complaints, tired of spending money to educate his staff, likes his new role of being a one man office and referring his policy holders to the "800" number. He believes by the year 2001 a total electronic telecommunication transition will be in effect. "By then the average agent of today, who is 55 years old will be gone," said the agent. Do you think even he will be gone by then?

The Maryland Group is another company that has implemented service centers. The program includes 24 hour access to underwriting, endorsement and claims service for insureds. Out of the 2,400 agents nationwide, 130 are currently participating in this optional program. A spokesman for the Maryland Group suggested that in the future, only agents in the service center would maintain Maryland appointments.

With the HMO's, PPO's, and now auto glass preferred providers the carriers have continued to whittle away an agents responsibility to serve their policy holder. The ground work has been laid, the steps falling into place. We are not the only industry facing extinction, except for the elect few, are we?

The general public has always had a

Auto Glass Highlights

Auto glass legislative wrap-up

During 1992, the U.S. Congress and 44 state legislatures met.

Federal lawmakers and regulators considered several issues important to the auto glass industry, such as design copyright, window tinting, periodic motor vehicle inspections, and so forth.

At the state level, numerous bills were considered that dealt with insurance referral reform, buy downs, kickbacks, window tinting, and so forth.

(For further details on any of the following issues, please contact NGA's Government and Industry Affairs department.)

Design Copyright (H.R. 1790): This bill would have had a disastrous effect on the auto glass industry. This legislation would have placed a 10-year copyright on all automotive glass parts. Only aftermarket glass suppliers obtaining a license from the car manufacturer would have been able to reproduce the glass. More importantly, the license would likely have limited the distribution of those glass parts only to car dealerships. Fortunately, NGA successfully negotiated an exemption for auto glass.

A hearing was held by a House Judiciary subcommittee, but no further action was taken. '93 Outlook: Probably will be re-introduced early in the session with the auto glass exemption intact.

Window Tinting: In January 1992, the National Highway Traffic Safety Administration (NHTSA) issued a notice of proposed rulemaking that would reduce the light transmittance level for cars and light trucks to a minimum 60 percent for windshields and front sidelites, 50 percent for rear windows, and 30 percent for back sidelites. The agency is also suggesting that the angle for testing light transmittance levels on windows be changed to reflect actual driving conditions. '93 Outlook: Decision from NHTSA should be forthcoming.

Anti-Car Theft Act (H.R. 4542/S. 2613): This bill, passed by Congress and signed by the President, will require that a car's vehicle identification number (VIN) be affixed to its major parts, including the windshield and other auto glass parts. This program will be phased in over the next five years.

American Automobile Labeling Act (H.R. 4228/S. 2232): This legislation, also approved by Congress and the President, will require that cars, beginning with model year 1995, have a label prominently displayed near the current price sticker with the following information: city, state, and country of final assembly; the country of origin of the engine and transmission; and the overall percentage of U.S.- and Canadian-made parts. Auto glass would be counted in with the percentage of parts made in the U.S. or Canada unless the auto glass was fabricated in a foreign country.

Insurance Referral Reform: Colorado, Connecticut, Illinois, Kentucky, Maryland, Minnesota, Mississippi, Nebraska, South Dakota, Vermont, Virginia, West Vir-

ginia, and Wisconsin passed new or strengthened existing insurance referral reform laws in 1992. '93 Outlook: As many as 25 states are expected to strengthen existing laws or propose new legislation.

Kickbacks: Colorado and Maryland passed statutes in 1992 outlawing kickbacks. '93 Outlook: Many states are considering kickback legislation in the upcoming session.

Buy Downs: Colorado, Kentucky, Mississippi, and West Virginia passed laws in 1992 prohibiting buy downs. '93 Outlook: Many states are considering buy down legislation in the upcoming session.

Periodic Motor Vehicle Inspection (PMVI): Although little happened with PMVI this year, the '93 Outlook is much better—this issue is expected to get a great deal of attention. NGA will be working closely with the Coalition for Safer Cleaner Vehicles in many states to promote safety inspections that include windshield inspections.

Farmers goes nationwide with 4 AG networks

Farmers Insurance Company has recently announced its intention to utilize four auto glass networks to do all of its insureds' glass repairs and replacements.

According to a company bulletin, the four networks that agents will be required to refer to insureds are Harmon Glass Company, Safelite Glass, USA-Globe, and Windshields America.

In 1991, Farmers processed over 300,000 glass replacement and 66,000 glass repair claims at a cost of \$62 million.

The program goes into effect nationwide on January 1, 1993.

Farm Bureau violating TX "free choice" law

On September 21, 1991, the Texas Insurance Department filed a notice of disciplinary action against Texas Farm Bureau Mutual for violating the state "consumers' right to choose" law. According to the notice, the Farm Bureau allegedly misled policyholders who needed windshield repairs or replacements.

The Farm Bureau denied the charges and was granted a closed hearing in mid-October. The Insurance Department has turned over its findings to the Insurance Commissioner, who will rule on the case soon.

Penalties for proven violations of the law could involve a large fine or the loss of license.

Earlier this year, the Insurance Department subpoenaed several insurance companies, charging them with failure to inform consumers of their right to choose an auto glass shop when needing repair or replacement.

There are now over two dozen insurance companies being investigated by the Texas Insurance Department.

If you would like further information on the issues covered in this GOVERNMENT AFFAIRS UPDATE, please contact NGA's Government and Industry Affairs department at 703/442-4890.

Continued from Page 3

managed to start a snow ball rolling that is going to eventually cause a huge avalanche leaving many in desolation. And where is the insurance industry going to be in five years when the four or five national glass chains, after working without a profit, raise their prices - "Oops, I guess it's time to raise our policyholders premiums." As the State Farm representative said, "This would make the industry less competitive, less innovative and less service-oriented."

As you look to find ways of streamlining your costs by laying off personnel, cutting back employees hours, selling excess equipment, etc., maybe you should look at saving premium dollars. Maybe Hunters pay-at-the-pump plan might really benefit you, the consumer, and save you hundreds of dollars per year.

Do you think State Farm would approve of thousands of glass dealers nationwide supporting legislation to "pay-at-the-pump?"

CGA Seeks an Investigation

In October 1992, the California Glass Association (CGA) filed a petition to the California Attorney General and Insurance Commissioner requesting that an investigation be conducted in regard to the practices of certain auto glass network operations.

CGA's petition seeks an investigation of potential violations of California antitrust, unfair competition and insurance laws. CGA maintains that a thorough inquiry is necessary to preserve fair competition in the glass industry. The contention is that the rights of insureds to choose the repair shop of their choice and the right of independent repair shops to negotiate with insurance companies for their business has been abrogated.

The state agencies are currently reviewing the allegations. The petition is not available to the public at this time.

What is Reasonable?

There has always been a very good profit

margin in the construction industry until winter approaches. Then that excellent profit margin becomes their main source of income as the construction industry sleeps until spring.

The same could be said for the glass industry. In the winter months auto glass installations are far and few between. And if the shop also glazes windows then he faces the same dilemma as the builder. Needless to say, they must learn to budget wisely!

Three years ago independent glass shops use to be able to make a fair profit to carry them through the winter months. That's not the case anymore. With insurance companies continually signing contracts with national chains to do their auto glass replacement, independent glass shops go through the "winter slump" all year.

Two years ago a large insurance company in Minnesota looked for a bidder who would offer them a very low price in exchange for a guaranteed large volume of work. The large glass company initially contacted said they could not do it for the price the insurance company wanted and still make a profit.

The insurance company persevered until they eventually found a company that agreed to do the work for a very low price. After 16 months had gone by, the contract was discontinued.

That same insurance company recently surveyed the local independent glass shops. The purpose of that survey was to come up with a list of preferred shops. The glass dealer, is then faced with two choices, knowing beforehand, that in order to be on their list you have to offer to do the work for the similar amount the former preferred provider was charging, which was based on large volume; 1) Do I lower my prices to get on the list, even though I won't make a profit, and hope to get a job now and then, just to pay my bills? Or; 2) Do I maintain my minimal profit price structure and hope that the other jobs that I get in will compensate for the losses I will incur from not getting on that particular carriers preferred list?

This scenario is not unique to Minnesota - it is nationwide and has been for several years. As long as insurance companies are allowed to contract with a prime provider to do all their glass replacement, national glass chains will continue to vie for that contract.

How do you compete with the guy down the street to get that customer to walk in your

TO: Helena Branch Office Agents

DATE: July 23, 1991

FROM: Helena, MT B. O., Claim - J. R. Williams, Manager

SUBJECT: National Auto Glass Program

Safelite Glass Corp., phone 1-800-392-7500

USA-GLAS, phone 1-800-872-4527 (USA-GLAS)

USF&G has announced a national program to contain auto glass claim costs. This program is not optional. ALL GLASS REPAIRS AND REPLACEMENTS must be arranged via an 800 number provided us by Safelite and USA-GLAS. See special brochure attached.

Effective on receipt of this NOTICE, all agents and claim personnel must refer all auto glass replacement claims to one of the vendors, Safelite Auto Glass or USA-GLAS at the phone numbers listed above.

Guaranteed Prices

* Windshields	-	52% discount
* Tempered glass	-	40% discount
Labor rate	(no)	\$25.00 (flat)
Kit Cost	(v)	\$ 7.91 (flat)

* Includes foreign and domestic.

Procedures for Reporting Losses to the Vendors

When insureds contact Agents or the Claim Department, they should be provided with one of the above toll free numbers. If you wish to initiate the call for your insured, that is perfectly all right. The toll free numbers MUST be used for all losses in order to obtain the pricing benefits. Assignments made directly to local outlets of the same vendors are not covered by the national pricing agreement, and must therefore be avoided. When the toll free number is called, a telecon will be set up with a nearby glass shop and arrangements made for repairs at the convenience of the insured. Mobile and drive-in service are available at the same price.

Insureds must be prepared to provide the vendor with (1) the identity of the agent, (2) the agent's telephone number, (3) the USF&G policy number and (4) the special

3-11-93
HB-273

P. 2

INTERNAL MEMO

Allstate's decision to develop and participate in the Network was driven by several factors:

1. Glass claims are projected to reach 155 million dollars this year and 236 million by 1995. Our current glass system does not take advantage of Allstate's buying leverage. The network concept was recognized as the most efficient method to realize financial savings.
2. The [REDACTED] currently uses over [REDACTED] glass vendors. Quality and consistency of service combined with billing concerns highlight our need to change. Under the network concept, we deal with one primary vendor which in turn maintains the network and ensures that quality service is provided. We are billed by the one primary vendor.
3. The need to make the glass claims process customer friendly was recognized and stressed in the development of the Glass Network.

Globe/USA Glas was selected as the primary vendor for the Autoglass By Sears Network because of their 75 year commitment to quality and customer satisfaction. Their management capability, financial stability and high quality standards were all contributing factors in the decision. Globe/USA Glas's existing network of shops throughout [REDACTED] is being expanded to accommodate Allstate's business. In many cases, the shops in the network are already Allstate vendors and recognize the importance of customer service. We have requested that shops be added in areas where we have a high number of policies in force to ensure that glass services in those areas can meet the demand. If there is a shop that you would like added to or deleted from the Network, please contact the Central Glass Unit.

There are several benefits for Allstate in utilizing the Network:

Allstate
Rebate
SYSTEM

1. We are guaranteed quality and customer satisfaction.
2. We will receive most favored pricing by markets.
3. The Venture is funded 100% by Globe/USA Glas.

4. Referral incentives:

We will receive a rebate based on the volume we refer to Globe:

<u>Referral</u>	<u>% of Gross Referral Recovered</u>
\$0-\$25 m	0
\$25-\$50 m	10.0
@ \$50 m	10 retroactive to first \$25 m
\$50 m plus	15.0

This provision alone should provide us with substantial savings.

5. Allows development of claim handling procedures that meet our customer service requirements.

There are also several benefits for Sears in sponsoring the Network:

1. Sears will receive a license fee of 7% of the net revenue generated, including all Allstate revenues.
2. Countrywide presence in over 250 locations.
(Local Sears Store utilization projected for 1993)
3. Dividend participation in Globe's appreciated value.
To be shared by the participating business units:

Allstate	60%
Sears	25%
Dean Witter Reynolds	15%

An Autoglass Focus Group was convened to determine our customers' requirements and to establish procedures that meet those requirements. The Focus Group consisted of agents and claim employees to ensure that the customer's needs were addressed from different perspectives. The Focus Group was challenged to establish procedures that were both concise and customer friendly. These procedures are intended to provide uniformity in our claim reporting practices and to simplify the glass claims process for all involved parties.

The following procedures were established for agents and claim employees to report glass claims to the Autoglass By Sears Network:

1. You are contacted by customer with glass claim.
2. Confirm comprehensive coverage and deductible on applicable auto.

* If there is a coverage problem, claim should be reported to Central Glass Unit.

3. Determine scope of damage.

** Damage other than glass or mouldings should be reported to MCO.

4. Secure insured's address, phone number.

Vehicle identification including vehicle identification number.

Policy number with coverage and deductible information.

Damaged area.

5. Agent or Claim employee calls Autoglass By Sears and reports all information from Item 4 - 1/800/626-4527.

BILLING DO'S and DON'TS

DO'S:

Do call the Network Member Hotline 1-800-456-7014 for:

- * Any job requiring additional parts or labor.
- * If you cannot complete a job within 24 hours.
- * If an order we qualify for repair is determined by the installer as non-repairable.
- * If the insured canceled the order.

Do submit an Authorization/Driver's Release Form signed by the insured or lease vehicle driver with every invoice.

Do provide the insured the customer's copy of the Authorization/Driver's Release Form.

Do forward all invoices that fall below the insured's deductible referencing a zero balance due.

Do note to the insured before installation any previous damage within the work area to prevent possible false accusations.

DON'TS:

Don't provide the insured a copy of your priced out invoice, the Driver Release Form will act as a receipt.

Don't hold invoices for bulk billing. Send them as soon as the job is completed.

Don't price out your invoices according to other price books like PPG or Mitchell. USA-GLAS will only pay according to the NAGS list price.

AMENDMENT TO HB 273

1.

Page 2, Line 1

Following "INSURANCE COMMISSIONER"

Insert "AND THE DEPARTMENT OF COMMERCE"

2.

Page 2, Line 6

Following "company, including its"

Delete "agents"

Insert "producers"

3.

Page 3, Line 13

Following "NONLISTED"

Delete "SHOP"

Insert "COMPANY"

4.

Page 5, Line 4

Following "(b) (A) establish an agreement with"

Delete "a company"

Insert "any person"

5.

Page 5, Line 5

Following "an agent A GLASS BROKER"

Insert ", as defined in [Section 5(4)],"

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 3/11/93

BILL NO. HB 273

6.

Page 5, Line 10

Following "(e) (B) establish an agreement with any"

Strike "company"

Insert "person"

7.

Page 5, Line 11

Following "requires a GLASS repair shop to bill through"

Delete "the company"

Insert "that person"

8.

Page 5, Delete Lines 18 - 25

9.

Page 6, Delete Lines 1 - 3

10.

a.

Page 6, Line 4

Move Section 4, and replace with Section 5

Renumber Section 5

b.

Following "New Section. Section 4."

Delete "Rebates AND INCENTIVES prohibited"

Insert "prohibited practices"

c.

Page 6, Line 17

Insert "(3) A company may not manage, handle, or arrange automobile glass replacement or glass repair work for which the company retains a percentage of the claim or a set fee paid by

the insurance company to the glass repair shop for an amount in excess of the amount paid to the glass repair shop.

(4) As used in this section, "glass broker" means an automobile glass company that acts as a third-party agent for the insurer for the purpose of entering into agreements with other automobile glass dealers to perform glass replacement or glass repair work."

11.

Page 9, Line 8

Insert Section 4, Renumber as Section 5

12.

Page 9, Line 9

Following "[Sections 1 through"

Strike "4"

Insert "3"

13.

Page 9, Line 13

Following "(2) [Section"

Strike "5"

Insert "4"

14.

Insert subsection (3)

"[NEW SECTION 5. PROHIBITED PRACTICES.] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 30, CHAPTER 14, PART 2, AND THE PROVISIONS OF TITLE 30, CHAPTER 14, PART 2, APPLY [SECTION 5]."

NEW SECTION. Section 1. Designation of specific repair shops prohibited -- lists allowed. (1) ~~(a)~~ An insurance company, including its agents and adjusters, that issues or renews a policy of insurance in this state covering, in whole or part, a motor vehicle may not:

(A) ~~require or recommend~~ that a person insured under the policy use a particular company or location for providing automobile glass replacement, repair services, or products insured in whole or part by the policy; OR

(b) ~~An insurance company, including its agents and adjusters, may not engage in any act or practice of intimidation, coercion, OR threat, incentive, or inducement for or against an insured person to use a particular company or location to provide automobile glass replacement, GLASS repair services, or GLASS products INSURED IN WHOLE OR IN PART UNDER THE TERMS OF AN INSURANCE POLICY.~~

NEW SECTION. Section 3. Prohibited activities -- GLASS BROKER DEFINED. (1) It is unlawful for an insurance company, individually or with others, to directly or indirectly:

~~(a) establish an agreement with a company to manage, handle, or arrange automobile glass replacement or repair work;~~

~~(b)~~ (A) establish an agreement with a company to act as an agent A GLASS BROKER for the insurance company AND REQUIRE THE INSURED TO UTILIZE SUCH GLASS BROKER under which the insurance company or the agent GLASS BROKER sets a price that must be met by a GLASS repair shop as a condition for doing glass replacement or GLASS repair work for the insurance company; OR

~~(c) (B) establish an agreement with any company that requires a GLASS repair shop to bill through the company as a condition of doing glass replacement or GLASS repair work; or~~

~~(d) (C) (B)~~ establish a price that must be met by a GLASS repair shop as a condition for doing glass replacement or GLASS repair work that is below the lowest prevailing market price as provided in [section 2].

(2) A company may not REQUIRE AN INSURED TO UTILIZE A GLASS REPAIR SHOP WHICH manageS, handleS, or arrangeS automobile glass replacement or GLASS repair work for which the company retains a percentage of the claim OR A SET FEE paid by the insurance company to the GLASS repair shop ~~or bills the insurance company for an amount in excess of the amount paid to the GLASS repair shop.~~

(3) AS USED IN THIS SECTION, "GLASS BROKER" MEANS AN AUTOMOBILE GLASS COMPANY THAT ACTS AS A THIRD-PARTY AGENT FOR THE INSURER FOR THE PURPOSE OF ENTERING INTO AGREEMENTS WITH OTHER AUTOMOBILE GLASS DEALERS TO PERFORM GLASS REPLACEMENT OR GLASS REPAIR WORK.

EXHIBIT NO. 3
DATE 3/11/93
BILL NO. HB 273

10 March 1993

My name is John Knox. I am co-owner and President of Auto Glass Specialists, a Montana corporation founded in Great Falls in 1980. Our company has auto glass replacement stores in Great Falls, Montana, in Kalispell, Montana, in Missoula, Montana, and here in Helena, Montana. We have funded our expansion entirely through internal funds generated by sales from our existing shops as opportunities presented themselves. We are truly a self-starting company in that we started with nothing and created, by mid 1991, a Montana company that provided 13 skilled Montanans with good paying jobs. During this eleven years of competition, we went head to head with the largest national glass companies on a daily basis and in every shop area. As long as we were allowed to compete for the customer on the basis of service, ability, and price, we earned substantial increases--averaging 23% average annual sales increases through the end of the 1991 year. Despite the entrance of a new market factor, the remote glass network (or glass broker), in late 1990 and early 1991, we earned a record sales year in 1991 of over ~~400,000~~ in glass sales and service in our four Montana stores. *Since then we have netted 400,000 - 23% more*

The glass networks originally entered the Montana market as a alternative and voluntary brokering service for agentless insurance writers who had no knowledge of glass services in Montana. The networks accepted the current market prices for the local area and offered it to these not dominate insurance companies, along with their handling fees and charges, I'm sure. By early 1991, the glass networks began demanding lower prices in exchange for increased volume as they contracted out with more and more insurance companies for their glass claims. In addition, these remote networks began subcontracting the now hostage Montana insureds glass work to other remote vertically integrated (manufacturing their own glass) suppliers. In order for a Montana shop to participate, it would now have to meet the unsubstantiated lowest price of a direct manufacturer. In addition, the local shop would have to pay extra fees (usually 10% of the invoice amount) for "handling"--fees which the favored national subcontractors did not have to pay. We, as a local shop, could during this time still compete because the insured customer still was allowed the choice of using local qualified shops if they chose to.

In early 1991, Allstate Insurance entered into a ^{exclusive} contract with USAGLAS of Chicago for all of their insureds glass services nationwide. Any and all glass claims that could not be completed in their own Auto Glass by Sears (they have no stores in Montana) had to be routed through USAGLAS network. We have masses of evidence which we presented to the Insurance Commissioner, the Attorney Generals Office, and the Dept. of Commerce Consumer Affairs Division showing that this was not a voluntary program and was, in fact funded by millions of dollars in rebates to Sears and Allstate by USAGLAS. The local Allstate agents who tried to circumvent the program by utilizing qualified and lower cost local shops were penalized by revocation of claims authority. Allstates' market share in Montana is approximately

*Our sales to Montana Allstate
insureds dropped
to*

10% of vehicles insured. Montana shops are not allowed to access Montana Allstate insureds unless they agree to bill only through this third party network, accept the networks lower than cost of doing business price, agree to not allow the customer to see the price of his glass, and list USAGLAS as a NAMED insured on their (the glass shops) liability insurance policy. Necessary glass parts needed for proper replacement are not authorized even at our cost. Not one state office in Montana nor our US Senator (Burns) was able to determine what the network was charging the Montana insured.

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By the end of 1991, approximately 80% of the independent insurance Home Offices had signed contracts with either this network or similar ones--most of which are linked by internetwork subcontracts. Several sympathetic local agencies were able to obtain copies of their companies contracts with some of these networks. In every contract, local shops (who were not allowed to bid--and they tried to) were 20% to 40% lower than the network contracted prices. Some were 100% higher--double local prices--on repairs and related services. Unknowingly, the Montana consumer was being forced to out of state services at secret prices. And wondering why local businesses were closing and his premiums were going up.

*4.2 F. 6
F. 14*

When the largest insurer in Montana (with 29% of insureds) would not allow local shops to bid on their glass business but instead issued a contract to a Canadian Company with no shops in Montana (until 1 July 1991 when the bid went into effect) and a New York company, we were forced to appeal to the state for assistance. Their ultimate response was that legislative action--as is being tried in Montana and 28 other states--was the only recourse as the Attorney Generals office was unfunded to investigate let alone prosecute these industry giants. The opportunity and the right to compete in any business is at stake here. The assumed right of insureds to determine the quality of a service--let alone the price--that they have already funded through premium payments is at stake. Is Montana going to lead or follow the nation in protecting this basic American right? We ask you to do what is right and support House Bill 273 today.

John M Knox

*Proposed
HB 273*

DATE March 11, 1993

SENATE COMMITTEE ON Business & Industry

BILLS BEING HEARD TODAY: House HB-273, HB577

Name Representing Bill No. Check One
Support Oppose

Charles R. Brooks	MT Retn. L Assoc	HB273	✓	
Harold Hagan	"	HB273		
GENE PHILLIPS	N. A. I. I.			X
DAVE Brown	Sponsor. HB #72	HB577	✓	
Roger McGowan	ITAM	HB-273 AMENDED		
Blanchard Jackson	Scc of State	HB577	✓	
Jane Mellon	allstate	HB273		
Mary Jo Prizes	Globe/USA-GIRTS	HB273		
Scott Tally	Scott's Glass	HB273	✓	
George Hess	Polar Paint & Glass		✓	
Rep. Jay D. Mann	SETE	HB-273	✓	
Steve Wilkinson	NORTHWEST GLASS	273	✓	
Truman Street	Magic City Glass	HB273	✓	
Pat Strout	Magic City Glass	HB 273	✓	
Terry Rothacher	Kalispell	273	✓	
LARRY ARTHUR	QUALITY GLASS WEST	273	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 11, 1993

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: HB 273, HB 577

Name	Representing	Bill No.	Check One	
			Support	Oppose

Phil Weather	Auto Glass Specialists	273	✓	
Don Goshel	Lencob Glass	273	✓	
Bob Smith	Hi-Line Glass	273	✓	
Mike Hertzog	7th & Main Auto Glass	273	✓	
Chuck McAlpine	Glass Glass	273	✓	
Joan Wilkinson	Northwest Glass	273	✓	
Brett Tally	Scott's Glass	273	✓	
John Rupp	Auto Glass Specialist	273	✓	
JEFF Alsberg	Triple A Glass	273	✓	
Garry Lasar	Econo Glass	273	✓	
Skip & Beena Cuenca	Bithecoat Glass	273		
Don J. M. J.	RHC Home Imp	273	✓	
Pat Schulte	Schulte Glass	273	✓	
Don Waterman	Farmers Insurance	273 ^{as amended}	✓	
Breg Van Horssen	State Farm Ins. Co	273		
Mark Meek	Frontline Glass	273	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 11, 1993

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: HB 273, HB 577

Name	Representing	Bill No.	Check One	
			Support	Oppose

Bob Delane	Northwest Glass	273	☒	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
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			☐	☐
			☐	☐
			☐	☐

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Independent Insurers. Mr. Phillips passed away from a heart attack on March 13, 1993.

EXECUTIVE ACTION ON HB 273

Motion/Vote:

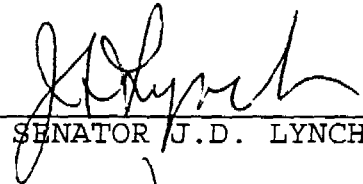
Senator Christiaens moved HB 273 BE AMENDED (591525SC.San). The motion CARRIED UNANIMOUSLY.

Motion/Vote:

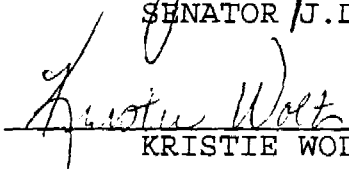
Senator Mesaros moved HB 273 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 11:45 a.m.



SENATOR J.D. LYNCH, Chair



KRISTIE WOLTER, Secretary

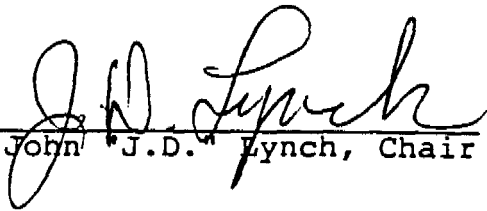
JDL/klw

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
March 16, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 273 (first reading copy -- blue), respectfully report that House Bill No. 273 be amended as follows and as so amended be concurred in.

Signed: 
Senator John "J.D." Lynch, Chair

That such amendments read:

1. Title, line 10.

Following: "REPLACEMENT,"

Insert: "GLASS"

Following: "OR"

Insert: "GLASS"

2. Title, line 13.

Following: "OR"

Insert: "GLASS"

3. Title, line 16.

Following: "BY A"

Insert: "GLASS"

4. Title, line 17.

Following: "DOING"

Insert: "GLASS"

5. Title, page 2, line 1.

Following: "COMMISSIONER"

Insert: "AND THE DEPARTMENT OF COMMERCE"

6. Page 2, line 6.

Following: "its"

Strike: "agents"

Insert: "producers"

7. Page 2, line 9.

Strike: "or recommend"

8. Page 2, line 16.

Following: "coercion,"

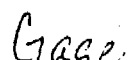
Insert: "or"

Following: "threat"

Strike: ", incentive, or inducement"


TV

Amd. Coord.
Sec. of Senate


Senator Carrying Bill

591525SC.San

9. Page 3, line 13.

Strike: "SHOP"

Insert: "company"

10. Page 5, line 4.

Strike: "a company"

Insert: "any person"

11. Page 5, line 10.

Strike: "company"

Insert: "person"

12. Page 5, line 11.

Strike: "the company"

Insert: "that person"

13. Page 5, lines 18 through 23.

Strike: Subsection (2) in its entirety

Renumber: subsequent subsection

14. Page 6, lines 4 and 5.

Strike: "Rebates AND INCENTIVES prohibited"

Insert: "Prohibited practices"

15. Page 6, following line 16.

Insert: "(3) A person may not manage, handle, or arrange automobile glass replacement or glass repair work for which the person retains a percentage of the claim or a set fee paid by the insurance company to the glass repair shop for an amount in excess of the amount paid to the glass repair shop."

16. Page 9, lines 5, 9, and 12.

Strike: "4"

Insert: "3"

17. Page 9, following line 12.

Insert: "(2) [Section 4] is intended to be codified as an integral part of Title 30, chapter 14, part 2, and the provisions of Title 30, chapter 14, part 2, apply to [section 4]."

Renumber: subsequent subsection

-END-

4/12	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	49	0
4/13	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	48	1
4/21	SIGNED BY SPEAKER		
4/23	SIGNED BY PRESIDENT		
4/23	TRANSMITTED TO GOVERNOR		
4/28	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 554		
	EFFECTIVE DATE: 04/28/93		

HB 274 INTRODUCED BY D. BROWN, ET AL.

REQUIRE CERTIFICATION FOR PRACTICE OF COUNSELING PROBLEM
GAMBLERS

1/19	INTRODUCED		
1/20	REFERRED TO HUMAN SERVICES & AGING		
1/20	FIRST READING		
1/20	FISCAL NOTE REQUESTED		
1/25	HEARING		
1/25	FISCAL NOTE RECEIVED		
1/25	FISCAL NOTE PRINTED		
2/18	COMMITTEE REPORT—BILL PASSED		
2/19	2ND READING PASSED AS AMENDED	76	22
2/22	3RD READING PASSED	78	19
	TRANSMITTED TO SENATE		
3/01	FIRST READING		
3/01	REFERRED TO PUBLIC HEALTH, WELFARE & SAFETY		
3/24	HEARING		
3/27	TABLED IN COMMITTEE		

HB 275 INTRODUCED BY GERVAIS, ET AL.

AUTHORIZE STATE AGENCY TO ADVANCE UP TO 30 PERCENT OF FUNDS
APPROPRIATED FOR STATE-TRIBAL COOPERATIVE AGREEMENT

1/19	INTRODUCED		
1/20	REFERRED TO APPROPRIATIONS		
1/20	FIRST READING		
1/27	HEARING		
2/01	TABLED IN COMMITTEE		

HB 276 INTRODUCED BY GERVAIS, ET AL.

REVISE SCHOOL DISTRICT TRUSTEE NEPOTISM LAW

1/19	INTRODUCED		
1/20	REFERRED TO EDUCATION & CULTURAL RESOURCES		
1/20	FIRST READING		
1/29	HEARING		
2/05	COMMITTEE REPORT—BILL PASSED		
2/08	2ND READING PASSED	85	14
2/10	3RD READING PASSED	79	18
	TRANSMITTED TO SENATE		
2/12	FIRST READING		
2/12	REFERRED TO EDUCATION & CULTURAL RESOURCES		
2/19	HEARING		
3/05	TABLED IN COMMITTEE		